

## **Exhibit 2**

Page 1

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 18-23538-rdd

4 - - - - - x

5 In the Matter of:

6

7 SEARS HOLDINGS CORPORATION,

8

9 Debtor.

10 - - - - - x

11

12 United States Bankruptcy Court

13 300 Quarropas Street, Room 248

14 White Plains, NY 10601

15

16 November 27, 2018

17 1:30 PM

18

19

20

21 B E F O R E :

22 HON ROBERT D. DRAIN

23 U.S. BANKRUPTCY JUDGE

24

25 ECRO: JUSTIN

1 HEARING RE: Notice of Agenda of Matters Scheduled for  
2 Hearing on November 27,2018 at 1:30 p.m.  
3  
4 Motion to Approve Debtor in Possession Financing / Debtors  
5 Motion for Authority to (A) Obtain Post-petition Financing,  
6 (B) Use Cash Collateral, (C) Grant Certain Protections to  
7 Prepetition Secured Parties, and (D) Schedule Second Interim  
8 Hearing and Final Hearing (document #5)  
9  
10 Motion to Authorize/ Motion of Debtors For Authority to (I)  
11 Continue Using Existing Cash Management System, Bank  
12 Accounts, and Business Forms, (II) Implement Ordinary Course  
13 Changes to Cash Management System, (III) Continue  
14 Intercompany Transactions, and (IV) Provide Administrative  
15 Expense Priority for Post-petition Intercompany Claims and  
16 Related Relief (document #5)  
17  
18 Supplemental Motion to Approve Debtor in Possession  
19 Financing / Debtors Supplemental Motion for Authority to (I)  
20 Obtain Junior Post-petition Financing and (II) Schedule  
21 Final Hearing filed by Sunny Singh on behalf of Sears  
22 Holdings Corporation (document #872)  
23  
24  
25

1 Statement: Notice of Filing of Superpriority Junior Lien  
2 Secured Debtor-In-Possession Credit Agreement (related  
3 document(s) 7, 872) filed by Sunny Singh on  
4 Behalf of Sears Holdings Corporation (document #881).

5  
6 Statement: Notice of Filing of DIP Intercreditor Agreement  
7 (related document(s) 881, 7, 872, 885, 744) filed by Sunny  
8 Singh on behalf of Sears Holdings Corporation (document #892)

9  
10 Motion to Authorize /Motion of ESL Investments, Inc. for the  
11 Entry of an Order Pursuant to Bankruptcy Code Section 105  
12 and Federal Rules of Bankruptcy Procedure 2004, 9006 and  
13 9016 Authorizing Expedited Discovery of the UCC and  
14 the Subcommittee, dated November 21, 2018 (document #854)

15  
16 Objection /Limited Objection of the Official Committee of  
17 Unsecured Creditors of Sears Holdings Corporation, et al, to  
18 ESL Investments, Inc. Motion Seeking Expedited Discovery  
19 (related document(s) 854)

20  
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24  
25 Transcribed by: Sonya Ledanski Hyde

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1 P R O C E E D I N G S

2 P R O C E E D I N G S

3 THE COURT: Please be seated. Okay, good  
4 afternoon. In RE: Sears Holdings Corp.

5 MR. SINGH: Good afternoon, Your Honor. Sunny  
6 Singh, Weil Gotshal, on behalf of the Debtors.

7 Your Honor, thank you very much to you and your  
8 chambers for allowing the parties the additional time to  
9 finalize some of the negotiations.

10 We do have some updates here and I'm pleased to  
11 report to the Court that we have a resolution with the  
12 Unsecured Creditors Committee on its objection, and I'm  
13 going to outline the terms of that resolution which has been  
14 accepted by the key parties in interest and I will outline  
15 as we go through this.

16 One key development that I would like Your Honor  
17 to be aware of right up front is we had bidding for the  
18 junior DIP, not surprisingly, literally outside in the  
19 hallway for the last hour, so --

20 THE COURT: Okay.

21 MR. SINGH: And with both parties here active  
22 bidding and getting real-time feedback from the Committee's  
23 professionals.

24 So one thing I would like to update the Court and  
25 the parties, is that we do have a new DIP lender on a junior

1 MR. PEY: I was looking at Paragraph 13, Subclause  
2 B.

3 THE COURT: Just incorporate the paragraph from  
4 the GLB order into this one, as you've done --

5 MR. SINGH: Yeah, so I think it was that sentence.

6 THE COURT: Yeah. Okay.

7 MR. PEY: Okay. And also that the DIP ABL liens  
8 and collateral don't necessarily exclude liens on the  
9 proceeds of prepetition consignment sales which may be  
10 covered by the agreement that's going to be circulated, for  
11 example, with American Greetings which we haven't seen yet.

12 THE COURT: I'm not sure I understand that point.  
13 As I understood the American Greetings one, it was basically  
14 a reservation of rights as opposed to --

15 MR. PEY: That's what we're looking for.

16 THE COURT: Okay, not a statement that they don't  
17 attach, it's just that the parties reserve their rights as  
18 to whether they do or not attach.

19 MR. PEY: You're right, Your Honor.

20 THE COURT: Okay. All right.

21 MR. PEY: Thank you.

22 MR. ALLERDING: Good afternoon, Your Honor. John  
23 Allerding, Thompson Hine on behalf of Luxottica. As the  
24 Debtors' counsel mentioned, our objection is still  
25 outstanding but is -- we believe is very close to being



1 resolved. In fact, before today's hearing I had a  
2 conversation with Debtors' counsel in which it was  
3 represented to us that the language that we sent over  
4 earlier this morning is acceptable to the Debtors and the  
5 Debtors' counsel as far as the framework goes, the Debtors  
6 and the DIP lenders. The Debtors and the DIP lenders need  
7 to work out some issues between themselves regarding  
8 reporting.

9 That framework would generally, as the Debtors'  
10 counsel said, preserve Luxottica's rights, whatever they may  
11 be, with respect to prepetition funds that were provided to  
12 the debtors under a license agreement would require the  
13 segregation of post-petition amounts provided under that  
14 license agreement and would clarify that the DIP liens do  
15 not attach to the post-petition segregated accounts or  
16 amounts, would require -- or would clarify that the DIP  
17 liens nor the adequate protection liens apply to Luxottica's  
18 inventory and goods which it sells at the Sears Optical  
19 locations, and would require the Debtors to comply with the  
20 terms of the license agreement pending assumption or  
21 rejection of that agreement.

22 Those are the terms as I understood them, and  
23 again, I think there was an agreement with respect to those  
24 terms. Perhaps some of the language still needs to be  
25 worked out.

1 THE COURT: Okay. The only one I'm not so sure  
2 about is the last point. I mean, it's an agreement, but I'm  
3 not sure what that agreement provides overall, so I think  
4 the parties may have to look at that to see what it  
5 provides, but certainly as far as making it clear the  
6 Debtors cannot grant a lien on property that they don't --  
7 it's not property of the estate, that's clear.

8 MR. ALLERDING: Thank you, Your Honor.

9 THE COURT: Okay.

10 MR. SINGH: Yes, Your Honor, and we'll --

11 THE COURT: I mean, remarkably, there are a couple  
12 of published opinions that -- where Debtors actually tried  
13 to do that, but --

14 MR. SINGH: We know that --

15 THE COURT: -- it didn't work.

16 MR. SINGH: We don't have that issue.

17 THE COURT: Right. In re TMT Procurement Corp.,  
18 764 F.3d 512 and in re Packer, 2018 Bankruptcy LEXIS 2143.

19 MR. SINGH: So, Judge --

20 THE COURT: But I don't think you were trying to  
21 do that.

22 MR. SINGH: No, no.

23 THE COURT: Okay.

24 MR. SINGH: And I think we'll -- I don't think  
25 we'll have an issue finalizing reservation of rights like

1 these parties.

2 THE COURT: Okay.

3 MR. SINGH: If we do, you know, come back and let  
4 the Court know. But I think that's it on the -- unless I  
5 speak too soon, I think that's it on the vendors.

6 THE COURT: Okay.

7 MR. SINGH: Your Honor, next we just have the  
8 objection of the Texas taxing authorities, the review  
9 objections. We've basically incorporated the same language  
10 that Your Honor approved in prior orders with, you know,  
11 modifications to make sure we're referring to the right  
12 orders. I think that resolves their objections.

13 THE COURT: Okay. It did seem to me to be the  
14 same language, the same mechanism for dealing with their ad  
15 valorem, right?

16 MR. SINGH: Yes, that's correct, Your Honor. And  
17 then finally I think there were just a few buckets including  
18 the School District objection that we did. Spent some time  
19 on it in our reply brief. I think the latest is that we are  
20 in conversations to try to resolve that objection. We are  
21 not resolved, but I think we are in conversations to try to  
22 continue to resolve that objection. And, you know, what I  
23 would propose is that we continue to talk. And if there is  
24 an issue, you know, we can come back to the Court for a  
25 determination there. But we don't have an objection to them

C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing  
transcript is a true and accurate record of the proceedings.

Sonya Ledanski Hyde

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Date: November 30, 2018